

Notes on democratic institutions and the social agenda in Brazil

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In this presentation, I would try to give some tentative answers to the following questions:

- How stable is the Brazilian democracy, given the limited acceptance of democratic values in the country, as detected in the surveys analyzed by Larry Diamond? How can we explain these findings?
- How able is the Brazilian political system to cope with the country's social issues and conflicting social agendas? How is this affecting the prestige and legitimacy of the present government? More broadly, are democratic governments the best to implement meaningful social policies?
- What can we expect for the near future, regarding the political system, and the forthcoming elections?

I

Comparative public opinion surveys regarding the appreciation of democratic values and institutions, as reported by Harry Diamond, show that Brazilians are well behind Argentina, Chile and other Latin American countries on this regard. One possible explanation for this finding is the well-known Lipset hypothesis about the relationship between democratic values and education. Democracy is a complicated concept, and requires intellectual sophistication to understand. Besides, those with lower levels of education are less likely to receive the benefits of an established democracy, and are therefore less appreciative of their qualities. On average, educational levels in Brazil are lower than in many other Latin American countries, and this may be why the appreciation of democratic values and institutions in the country is also low.

A second explanation may be that, among Brazilian political leaders and intellectuals, authoritarian perspectives on right and left have been much more important, in the last hundred years, than the democratic ones, in spite of the fact that the country's constitutional framework is based on the constitutional traditions of Western democracies. In the second half of the nineteenth century, Brazil was ruled as a European constitutional democracy, with two parties alternating in power. The Republican constitution of 1889 was based on the American model, with the old provinces turned into states, a strong President elected by direct vote, a Senate and a chamber of representatives. However, the constitutional monarchy ruled over a slave-based economy, and the old Republic order – what we call the “República Velha” – was dominated by the power of

regional oligarchies and constant interferences and coups of military groups and their civilian supporters.

Oligarchs and the military fought each other for the first forty years of the Republic, until 1930, when Getúlio Vargas came to power with the support of the military, and an anti-oligarchic discourse. The history, of course, was much more complex than that, and neither the composition nor the opposition between the two groups were so neat or simple. I am referring to this just to identify the two contrasting ways in which the Brazilian elites looked and interpreted their own country.

The oligarchies that controlled the old Republican parties and ruled the states of São Paulo, Minas Gerais and many others knew how to use the democratic institutions to their favor. Enfranchisement was very limited; electoral procedures could be tinkered when necessary; and they could use ready-made, magnificent texts of French and American founding fathers in support of the established political order.

The military that rose in arms against the oligarchs in the twenties, and helped to bring Getúlio Vargas to power in 1930, were quick to denounce the hypocrisy of this arrangement. Most of them were engineers, educated in the Polytechnic School in Rio, under strong French influence, and adopted Positivism as their preferred doctrine and ideology. Science, not politics, should run a country, and the Church should be put aside. An enlightened dictatorship, not a flawed democracy, should be the best constitutional arrangement. Scientific management would bring economic order and development, educate the population, and transform Brazil in a modern country. In the thirties, Stalin, Hitler and Mussolini seemed to show how strong governments could bring order and progress to troubled countries, and their examples inspired the 1937 Constitution that plunged Brazil into a full authoritarian regime which was to last until the end of the Second World War.

Most of the opposition to this regime came from the traditional oligarchies, bringing, once again, the rhetoric and concepts of liberal democracy. In 1932, São Paulo tried an armed insurrection against Vargas, and in the early forties, it was the “Manifesto dos Mineiros” that signaled the end of Getúlio Vargas’ “Estado Novo”. There was also an opposition on the left, led by the Communist Party. Early in the century, the Party had been created by European immigrants, and was influential in the organization of trade unions in Rio de Janeiro and other cities. In the thirties, however, the party was captured by a prestigious military leader, Luís Carlos Prestes and his associates, who led a failed insurrection against Vargas in 1935. The Communists were not different from the other military in their disregard for democratic institutions, and their Marxism was almost indistinguishable from the Positivist philosophy, which was still prevalent in many circles.

In 1945 Brazil was back to constitutional democracy, with most of the institutions created in the previous years still in place, the same politicians, but, of course, different discourses. Explicit authoritarianism was now banned for the elites, together with racism and extreme forms of nationalism. The democratic regime established by the Constitution in 1946 was a not a bad one. Enfranchisement was extended to most of the population; civil rights were assured, together with political pluralism and a concern with social rights. Social inequalities and poverty, however, remained, and the cold war was already drawing the lines: the defense of democratic institutions and values came together with the defense of the existing social and economic order and the alignment with the West, while the concern with inequity, poverty and injustice came together with criticism of democratic institutions and alignment with the Soviet Union, and later, Cuba.

In the sixties, the democratic regime collapsed, and the military came back, with the some of the old notions of rational and authoritarian rule, to make Brazil a modern and powerful country. Twenty years later, they retreated in disarray, living in place a democratic regime that pleased no one, except old politicians who could play again the democratic game for their own benefit. For the opposition in the right, these democratic institutions were inefficient, corrupt, and an obstacle to the country's effective modernization. For those in the left, democracy was not something embedded in abstract rules of the game, but should be replaced by concrete social rights and benefits written in the Constitution, and by organized groups in society who could take care of their own interests.

I could extend this history to the present days, but I think my point should be clear by now. Liberal democracy, defined in terms of clear rules of the game, protection of minority rights, the rule of the law, civil liberties and pluralism, has not been a banner of any significant social or political group in Brazil. Political institutions, however, are a minimum denominator, a common ground in which different groups and sectors can compete for their interests, trying, if possible, to bend the rules in their favor. This explains, I believe, the paradox found by Larry Diamond's finding: nobody really appreciates democratic institutions in Brazil, but the Brazilian democracy is fairly stable, and nobody is actually trying to replace it for something else these days.

II

Let me turn now to the second issue, related to the ability of the current democratic government to deal with the country's social problems, and how this is affecting its social support and legitimacy. There is another paradox here, which is that the performance of the current government seems to be reasonable, but its ratings in public opinion are terrible. I will refer to the

record in a while, but, assuming that the performance is not good, we could be dealing with two different issues here. The broad issue refers to the democratic system in itself; the other refers to the Fernando Henrique Cardoso administration. It could be that the regime is fine, but the administration is a disaster; the other possibility is that this is an excellent government, but it is impossible to do very well given the constraints of the democratic regime.

Let me start by saying that my own assessment of the track record of the current Brazilian government is quite positive, although it could be better on many specific points. The main achievements are in the economic sphere: the stabilization of the currency, the reorganization of public finances, the restructuring of the financial sector, the opening up of the economy to the international market. According to an official account,

The Cardoso administration and the government coalition in Congress have responded to these challenges by rebuilding the institutions that compose the State and the economy. This has been done to a degree that is unprecedented in the history of democracy in Brazil. The process has involved a number of transitions that have been articulated simultaneously, although not at the same pace, including the transition from a hyperinflationary to a stable economy; from a closed economy run by the State to an open economy led by the private sector; from an entrepreneurial State to a regulatory State; from a structurally maladjusted State to a balanced State; from a State that fosters inequalities to one that creates equal opportunities; and so on.¹

The last item in this list is still more a hope than a fact, but the others are true enough, and not a mean feat. For a long period, until 1994, Brazil lived with very high levels of inflation, which was having a terrible impact in the country's economy and daily life. Since the "plano cruzado" in 1985 it became clear that to stop inflation was relatively easy, but to keep it from coming back was much harder. The real meaning of the inflationary economy was that the country was spending much more than it was producing, using all its present and future resources in a predatory way. To stop inflation, it was necessary to keep official banks from and governments from over-spending, to stop public service salaries and social benefits from growing out of control, to reorganize the banking system without financial panic, to recover the country's credit worthiness and to reschedule the internal and external debt. Because of these achievements, the economy moved away from the brink of disaster, the country was able to weather serious international financial crises without too much difficulty, to attract large sums of foreign direct investment, and to start growing again, at a moderate but satisfactory rate of around 4% a year.

The social benefits of economic readjustment were very impressive in the first years, with large increases in real income for the poorer sectors of the population, and significant reduction in

¹ Vilmar Faria and Eduardo Graeff, *Progressive Government for the 21st Century – the Brazilian Experience*, Presidency of the Republic Senior Advisory Body, February 2000

social inequality. However, the economy, although stable, did not grow in the following years, and these benefits did not continue to expand, leading to frustrated expectations.

The government's achievements in the social sphere do not match those in the economy, but I believe the social conditions in Brazil are not as bad as it is often said. Broad social indicators such as infant mortality, life expectancy, access to basic services like electricity and treated water, education, literacy, and ownership of basic household consumption goods, like refrigerators and telephones, have been improving consistently in the last decades, and continue to do so. Some of these indicators, such as education levels, health conditions and income inequality, are still very bad, but not worse than before. Compared with the chaotic state of the economy in the 1980's, economic restructuring did not produce more unemployment, although informal work is widespread, and the percentage of people with stable employment has been shrinking. The more visible problems are those related to the deterioration of urban life, with high levels of criminality, violence, and drug use. These problems, however, are less a matter of poverty than of social disorganization, and are extremely difficult to deal with.

How could the government achieve what it did, and why could it not achieve more? In essence, I think the government proceeded by dividing the administration in two parts. One, which included the economic ministries, foreign affairs, education and a few other sectors, was run by well qualified professionals, who worked without much pressure from day-to-day, give-and-take patronage politics. The other, which included some ministries like transportation, public works and agencies of regional development, were distributed to the government's political allies in Congress, and where much more prone to patronage politics, irrational spending and corruption. The reason for this division was that the government needed, and still needs, support from Congress to pass legislation on social, economic and political reforms, and the only way to assure this support was to distribute power resources to the several parties that composes the government's political alliance. With this approach, which is very akin to the way the American political system works, there is a difficult and shifting dividing line between what is political realism, taking the political reality as it is, and what is acceptance and connivance with traffic of influence, graft and sheer corruption. I do not think the Cardoso government is corrupt, but one can always argue, specially after the facts, that it should have been less realistic and more principled in the dealings it has had with its unreliable allies.

Another element in the government's strategy was to keep the doors open to organized social movements – grassroots associations of different kinds, black movements, environmentalists, native Indians, etc. Its response to the pressures from the Landless movement has been mostly positive, creating new mechanisms for land distribution and micro-credit, in spite of moments of intense confrontation. The “comunidade solidária” movement, led by first lady Ruth Cardoso, and agencies within the ministry of Justice, have played important roles in this area. I think, however, that these openings to grass roots and social movements do not

characterize the main thrust of the government's social policies, which are still carried on through the main "social" ministries – education, health and social security ("previdência social").

In short, one could argue that the Cardoso government is doing whatever is possible within the constraints and limitations of an imperfect political democracy. Would an authoritarian regime do better? In many cases, probably yes. The military regime in Brazil was responsible for extending social security benefits to the rural area, and of approving the most advanced agrarian legislation thus far, the "Estatuto da Terra". Socialist countries, including Cuba, have proved to be much better than democracies to provide for basic education, health care, housing and other social benefits. The problem with these regimes is not their incompetence in the social areas, but their price in terms of individual freedom and long-term economic development possibilities.

Could the Brazilian government do better within the democratic framework? Probably yes. The government could have used more of its political capital, when it was high, to throw public opinion against the traditional parties, to pass legislation without so much wheeling and dealing; and it could have made better and more timely decisions in the choice of persons and in the definition of policies in areas such as administrative reform, health, education, and others. However, the constraints in which it worked, which included a public sector in disarray, a difficult economic transition, a unstable and unpredictable global market, and a complicated and unstable political alliance, did not leave much room for radical policy innovations.

III

Let me turn now to the last item, the prospects for the future. First, I don't see any imminent threat to Brazilian democracy, not so much because of its qualities or support in abstract terms, but for the lack of alternatives. The military are not likely to return to politics; there are no political parties with significant following and an authoritarian agenda; the political institutions, like the Congress, the Judiciary the Executive branch and the state and local governments are well established; and the economy is stable enough to preclude an economic and institutional breakdown, which would open the way for populist leaders similar to Fujimori or Chavez.

One of the frustrations of the last several years was that nothing was done in terms of political reform. Several proposals have been put forward, including the establishment of a parliamentary regime, the introduction of district voting, stricter rules on the organization and functioning of political parties, and clear rules for political campaign financing. The discussions on these proposals have stalled, and, as the 2002 elections get nearer, nothing is likely to change for now.

The low ratings of the Cardoso government in public opinion pools, combined with the credibility crisis that shake its government at regular intervals (including the current one, around the conflict with Senator Antônio Carlos Magalhães), can give the impression that the existing political alliance is doomed, and the opposition in the left, led by the Partido dos Trabalhadores, will easily win the next presidential election, changing the country's economic and social policies in very significant ways.

In fact, the PT showed impressive results in the last year's state and municipal election, with important victories in the State of Rio Grande do Sul and the city of São Paulo, among others, but it is not certain that these victories can be translated into a winning candidacy for President in 2002. A winning candidate needs to have at least 50% of the country's votes, in one or two electoral runs, and the past experience is that the left, on itself, cannot amass more than 25 or 30% of the votes in the first run. A winning candidate has to have a broad supporting alliance, and, so far, the PT party has not accepted to enter an alliance except in support of its own candidates. A center-left or center-right alliance is still more likely to prevail, and the PSDB party, with national figures such as José Serra, Tasso Jereissati or even Paulo Renato de Souza or Pedro Malan, seem to be in a better position to build such an alliance than the left or the most conservative PFL party, or the demoralized PMBD. The next election is still far away, and very much will depend on how the economy behaves until then, and on the relative success or failure of new programs being announced by the government recently, for economic growth and in the social sphere.

If PT is able to build a broad alliance and win the next election, it will face the need to define a coherent economic and social policy under the same constraints as the ones affecting the current administration, if not worse. It will face an immediate problem of international credibility, and it will have to confront strong opposition within its own ranks to move ahead with needed reforms in social security, public administration and education. A disastrous PT presidency can move the country backwards for many years, opening the doors for a return of inflation, populism, and political instability. But this is not unavoidable. Working in alliance, the party can develop a more positive and successful agenda, not so different, at the end, from the one the Cardoso government is trying to put forward.

As the PT grows and takes responsibility for running some of the country's largest states and cities, the party is moving from simple opposition to a more realistic understanding of the country's realities and needs, and of the realities of a modern economy. At the same time, the recurrent crises and press scandals that have haunted the Cardoso government recently is showing that the kind of "political realism" which was considered unavoidable to run a successful coalition is in fact a large liability, which future governments will not want to risk or to accept.

Combined, these two trends may be pointing to a future of better political habits, a multi-party system with responsible political parties, and more chances to make the economy better, the public sector more reliable, and the social policies more successful. It may lead also to better appreciation, by all parties, of the importance of democratic institutions.